



Date: May 21, 2003

To: Inter-Regional Partnership

From: IRP Staff

RE: Housing Needs Allocation in the IRP Region

Introduction

At a previous IRP meeting the issue of regional housing needs was discussed, including the possibility of addressing that state-mandated process (see description below) through the IRP. This staff report explores the issues involved, describes the existing processes, and sets the stage for future work should the IRP choose to pursue it.

The current process consists of each of the three COG's independently working with HCD to determine its fair share housing totals by income group, which then must be suballocated by the COG to the individual jurisdictions in its region. From the IRP staff's perspective, there are several problems with this arrangement if, in fact, the IRP process is to address jobs/housing imbalances on an inter-regional basis:

- 1) The timelines for the three COGs completing the Housing Needs process are not concurrent. This precludes cooperation within the 5-County IRP region.
- 2) HCD's housing numbers are based on Department of Finance (DOF) projections. These tend to be policy-neutral projections of what DOF estimates *will* be, rather than a thoughtful examination of what *could* or *should* be.
- 3) Not all COGs have the same expertise, resources or ability to negotiate with HCD. For example, both ABAG and SJCOG negotiated reductions of housing units with HCD. In contrast, StanCOG's required total remained essentially unchanged.
- 4) HCD is the administering agency for the IRP pilot project and, as such, presumably shares the IRP goal to reduce jobs-housing imbalance across regional boundaries. IRP staff believes that the net result of constructing the HCD-mandated housing may worsen the jobs/housing imbalance, rather than improve it.

Background

The State of California requires the Department of Housing and Community Development (HCD) to identify housing needs for each region as a response to the growing population and household growth in the state. State law (Government Code Section 65584) further mandates that each council of governments (COG) must distribute the State identified housing needs allocations to each jurisdiction within the COG's region. The Association of Bay Area Governments and the San Joaquin Council of Governments have both completed their regional housing needs allocation (RHNA) processes and gained state approval. The Stanislaus Council of Governments has also completed its process, but in a manner that is unacceptable to HCD.

It is the responsibility of each COG to determine the fair share of regional housing need for each city and county within its region. The law states that "[T]he share of a city or county of the regional housing needs includes the share of the housing need of persons at all income levels within the area significantly affected by a general plan of the city or county." Table 1 in the appendix gives the income levels for very low, low, moderate, and above moderate income for each IRP county, based on the 2000 Census.

State Law also requires each COG to “determine the existing and projected housing need for its region” using a number of statutory requirements, which include:

- Market demand for housing
- Employment opportunities
- Availability of suitable sites
- Availability of public facilities
- Commuting patterns
- Type and tenure of housing need
- Loss of subsidized units in housing developments
- Farmworker housing needs

State Law further requires that the distribution of the regional housing needs allocations “... seek[s] to reduce the concentration of lower income households in cities and counties which already have disproportionately high concentrations of low income households.”

The details of the methodology are each COG’s responsibility, working in cooperation with HCD. Each COG is required to provide HCD and each jurisdiction within its region “with data describing the assumptions and methodology used in calculating its fair share of regional housing need.”

State Housing Element Law sets forth a schedule and process for the RHNA distribution cycle. The RHNA timeframe for the current housing element cycle is as follows:

- Association of Bay Area Governments (ABAG) – 1999 to 2006
- San Joaquin Council of Governments (SJCOG) – 2001 to 2008
- Stanislaus Council of Governments (StanCOG) – 2001 to 2008

Following the adoption of the final RHNA distribution, each jurisdiction in the COG’s region is required by law to incorporate the assigned RHNA allocation into an updated version of its Housing Element in the General Plan.

Discussion

This section provides a summary of the housing allocation methodologies, housing allocation numbers, and affordability levels for each county.

Association of Bay Area Governments

During the early stages of the RHNA process, ABAG and HCD worked in a collaborative effort to determine the Bay Area’s share of the statewide housing needs goals. HCD’s initial determination was 310,761 housing units for the 1999-2006 RHNA time frame. ABAG compared this initial figure with its bi-annual forecast of growth in the region (Projections 2000), and determined that the goal figure was significantly higher than the expected growth in households for the region. ABAG provided HCD with its estimates of population and households, which ultimately resulted in a reduction of the initial determination by HCD to 230,743 housing units. This number, however, is 22% larger than the ABAG projection of 180,486 new housing units for the same time period.

The methodology used to determine the allocations assigned to each city and county was based on the state mandated statutory requirements as well as several policy directives from ABAG’s Executive Board. The calculation used to determine each jurisdiction’s housing allocation included the following five components:

- 1) Household growth
- 2) Employment growth
- 3) Jobs/housing ratio adjustment
- 4) Unincorporated Sphere of Influence allocations adjustment
- 5) Income distribution

The component that may be most interesting to the IRP is the determination of each jurisdiction's share of the region wide RHNA allocation based upon each jurisdiction's ratio of employment (jobs) to household growth. Each jurisdiction's percentage share of regional household and employment growth was input into a formula which combined these percentages into a ratio of employment per household which was then applied to the region wide RHNA figure (230,743) to determine the jurisdiction's share of the region wide allocation.

Determine the RHND Allocation (Based upon Current City Boundaries)							
Share of Job Growth	Weight Factor	Share of Household Growth	Weight Factor	HCD Regional Need	Jurisdiction Need	Uninc. SOI Need (See DOF-SOI Formula)	Total Projected Need
(SR)G%	x 0.5	+ SHHG%	x 0.5	x 230,743	= Jneed	+ usoinc	= Tneed

DOF- SOI Determination Formula	
Interpolated DOF baseline figure representing the SOI	= DOF 1999 baseline figure + $\left(\frac{\text{ABAG forecast for sub-regional study areas (SOI)} - \text{ABAG forecast for current city boundaries}}{\text{ABAG forecast for sub-regional study areas (SOI)} - \text{ABAG forecast for current city boundaries}} \right)$

This methodology had the result described below in each of ABAG's IRP counties.

Alameda County (Table 2)

Alameda County was assigned a regional housing need of 46,793 units for the current housing element cycle. *Projections 2000* estimates that Alameda County will add 76,575 new jobs from 1999 to 2006. In contrast, the county is only projected to add 27,215 new households from 1999 to 2006. These projections would result in projected jobs to households growth ratio of 2.81. If Alameda County is able to produce the number of households allocated to it through the RHNA process, the jobs to households growth ratio drops to 1.64.

Contra Costa County (Table 3)

Contra Costa County was assigned a regional housing need of 34,710 units for the current housing element cycle. *Projections 2000* estimates that Contra Costa County will add 43,091 new jobs and 30,710 new households from 1999 to 2006. These projections would result in a projected jobs to households growth ratio of 1.40. If Contra Costa County just produces the number of households allocated to it through the RHNA process, the jobs to households growth ratio increases slightly to 1.24.

Santa Clara County (Table 4)

Santa Clara County was assigned a regional housing need of 57,991 units for the current housing element cycle. *Projections 2000* estimates that Santa Clara County will add 120,874 new jobs from 1999 to 2006. This gives Santa Clara County the highest ranking for the production of new jobs in a Bay Area county. In contrast, Santa Clara County is projected to add 37,718 new households for the same time period. These projections would result in a projected jobs to households growth ratio of 3.20. If Santa Clara County produces the number of households allocated to it through the RHNA process, the jobs to households growth ratio drops to 2.08.

San Joaquin Council of Governments

The current Regional Housing Needs Allocation for San Joaquin County covers the period from January 2001 through June 2008. The total housing allocation was determined through negotiations between the SJCOG and HCD. HCD utilizes population and employment projections from SJCOG's Regional Transportation Plan and the Department of Finance's most recent projections as the basis for their projections of county level housing construction needs. In January 2002 HCD notified SJCOG that the

range of housing unit needs for San Joaquin County for the period 2001-08 is between 39,569 and 45,621 units. This distribution is a 13% and 5% reduction in units, respectively, compared to the preliminary determination of housing needs presented to SJCOG in September 2001.

The reduction resulted from a letter SJCOG sent to HCD in December 2001 asking that it reconsider the units distributed to San Joaquin County. SJCOG pointed out that HCD based its preliminary determination on the Department of Finance's population projections which are higher than the projections that had been adopted by the SJCOG Board for use in the Regional Transportation Plan and air quality conformity determination. SJCOG also pointed out that the county has a significant in-migration population from the Bay Area impacting the number of high end houses that are built in the county which can create a perception that there is a greater projected need for low income housing than is actually justified by demand.

HCD distributed the housing units among four household income categories using historic rates of household formation. For example, the 2000 census shows that 24% of the households in San Joaquin County had very low incomes based on a regional household income of \$41,282. Therefore 24% of the housing units allocated for the 2001-08 period must be accessible to households in this income category. The SJCOG must maintain these percentages and the corresponding number of units on a countywide basis as it allocates units to the local jurisdictions.

Local constraints that may prevent jurisdictions from receiving a "fair share" allocation of housing units are not allowed to be considered. These constraints include local growth ordinances. The statute also requires that the allocation not perpetuate the concentration of low income housing in any jurisdiction within the region.

SJCOG prepared an allocation using the "low" end of the housing unit range. The methodology used was adapted from ABAG's allocation process. The goals of the methodology are to promote a jobs/housing balance by equal weighting of the allocation to jurisdictions based on where employment growth is expected to occur in the county and where household growth is expected to occur. The methodology also requires each jurisdiction to move 50% of the way towards the regional average of each household income category over the 2001-08 period to avoid perpetuating an over-concentration of low income units in any one jurisdiction. Minor adjustments were made to the local allocations resulting from the formula methodology to exactly match the countywide household income percentages and units distributed by HCD. Applying this methodology to the low end of the acceptable range, SJCOG staff calculated the regional housing needs allocation.

San Joaquin County (Table 5)

San Joaquin County was assigned a regional housing need of 39,569 units for the current housing element cycle. SJCOG estimates that San Joaquin County will add 24,569 new jobs from 2001 to 2008. Unlike the San Francisco Bay Area counties, San Joaquin County is projected to add about 10,000 more new households than jobs. The projected number of new households for the San Joaquin County RHNA planning period is 34,331. These projections would result in a jobs to households growth ratio of 0.72. If San Joaquin County produces the number of households allocated to it through the RHNA process, the jobs to households growth ratio drops to 0.62.

Stanislaus Council of Governments

In Stanislaus County, HCD mandated 35,239 housing units over the planning period. In contrast, StanCOG's *Draft Regional Housing Needs Assessment* allocates only 20,854 units. StanCOG's number is based on the amount of job growth projected for the 9 cities and County of Stanislaus. Specifically, StanCOG's number would continue the current jobs/housing ratio of 1.18 jobs per household which exists

in Stanislaus County. Requiring additional housing units in the RHNA would only serve to worsen that already-unacceptable ratio that currently exists.

StanCOG's process focused on addressing the existing and future housing needs of those residents living and working in Stanislaus County. StanCOG's process recognized that Stanislaus County was in fact providing housing for many Bay Area workers, and would continue to do so. In reality very few proposed housing developments have ever been denied in Stanislaus County. Yet to mandate that Stanislaus County continue to provide such housing would be to implicitly accept and even encourage the existing jobs/housing imbalance with all its attendant transportation, air emissions, and quality of life impacts. StanCOG's perspective is that the San Francisco Bay Area has systematically placed a lower priority on providing adequate affordable housing for its workforce, thereby forcing an overly burdensome migration to the San Joaquin Valley.

StanCOG's process also cites and seeks to implement the goals of the Stanislaus County Visioning Process, which promotes the protection of farmland through land use policies and encourages new residential growth only within incorporated cities. StanCOG's internal distribution sought to avoid further impaction of very low and low income units into Modesto (Stanislaus County's largest city), as the remaining cities of Ceres, Hughson, Newman, Oakdale, Patterson, Riverbank, Turlock and Waterford agreed to augment their share of the countywide total. Each of these cities agreed to assume a proportionate share of the County's unincorporated area housing allocation, equal to each city's per capita share of their combined population. This allowed 1,212 of the unincorporated County's housing allocation to be spread among all the cities except Modesto, which was not included in the adjustment to avoid being further impacted by a concentration of lower income units.

Stanislaus County (Table 6)

StanCOG's distribution of the 20,854 housing units is indicated in the attached Table 6.

As noted, StanCOG's adopted regional total does not comply with the HCD-mandated total of 35,239 housing units. StanCOG and its member agencies recognize that this may well prevent HCD from certifying housing elements from jurisdictions in Stanislaus County. As a result, StanCOG staff has informally advised their local jurisdictions that they may wish to "factor" up the StanCOG numbers to conform to the HCD-mandated total. However, this remains an individual decision: thus far the StanCOG Policy Board has declined to formally endorse this approach.

Recommended Actions

This item is information only. There are no recommended actions, though the IRP should provide direction if desired.

Table 1: Affordable Housing Income Limits for a Family of Four

	Income Level as Percent of Household Median Income							
	Very Low (Up to 50%)		Low (50% to 80%)		Moderate (80% to 120%)		Above Moderate (Above 120%)	
	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
Alameda County (\$55,900 Household Median Income)	N/A	\$27,950	\$27,951	\$44,720	\$44,721	\$67,080	\$67,081	N/A
Contra Costa County (\$63,700 Household Median Income)	N/A	\$31,850	\$31,851	\$50,960	\$50,961	\$76,440	\$76,441	N/A
San Joaquin County (\$41,300 Household Median Income)	N/A	\$20,650	\$20,651	\$33,040	\$33,041	\$49,560	\$49,561	N/A
Santa Clara County (\$74,300 Household Median Income)	N/A	\$37,150	\$37,151	\$59,440	\$59,441	\$89,160	\$89,161	N/A
Stanislaus County (\$40,100 Household Median Income)	N/A	\$20,050	\$20,051	\$32,080	\$32,081	\$48,120	\$48,121	N/A

Source: U.S. Census Bureau, Census 2000

Table 2: Alameda County Regional Housing Needs Allocation								
	Total Projected Need	Uninc/SOI Need	Jurisdiction Need	Very Low	Low	Moderate	Above Moderate	Average Yearly Need
Alameda	2,162	0	2,162	443	265	611	843	288
Albany	277	0	277	64	33	77	103	37
Berkeley	1,269	0	1,269	354	150	310	455	169
Dublin	5,436	695	4,741	796	531	1,441	2,668	725
Emeryville	777	0	777	178	95	226	278	104
Fremont	6,708	0	6,708	1,079	636	1,814	3,179	894
Hayward	2,835	124	2,711	625	344	834	1,032	378
Livermore	5,107	917	4,190	875	482	1,403	2,347	681
Newark	1,250	0	1,250	205	111	347	587	167
Oakland	7,733	0	7,733	2,238	969	1,959	2,567	1,031
Piedmont	49	0	49	6	4	10	29	7
Pleasanton	5,059	112	4,947	729	455	1,239	2,636	675
San Leandro	870	0	870	195	107	251	317	116
Union City	1,951	38	1,913	338	189	559	865	260
Alameda Unincorporated	5,310	629	4,682	1,785	767	1,395	1,363	708
Total Need	46,793	2,515	44,280	9,910	5,138	12,476	19,269	6,239

Source: Association of Bay Area Governments

Table 3: Contra Costa County Regional Housing Needs Allocation								
	Total Projected Need	Uninc/SOI Need	Jurisdiction Need	Very Low	Low	Moderate	Above Moderate	Average Yearly Need
Antioch	4,459	29	4,430	921	509	1,156	1,873	595
Brentwood	4,073	4	4,069	906	476	958	1,733	543
Clayton	446	0	446	55	33	84	274	59
Concord	2,319	95	2,224	453	273	606	987	309
Danville	1,110	0	1,110	140	88	216	666	148
El Cerrito	185	0	185	37	23	48	77	25
Hercules	792	0	792	101	62	195	434	106
Lafayette	194	0	194	30	17	42	105	26
Martinez	1,341	33	1,308	248	139	341	613	179
Moraga	214	0	214	32	17	45	120	29
Oakley	1,208	0	1,208	209	125	321	553	161
Orinda	221	0	221	31	18	43	129	29
Pinole	288	0	288	48	35	74	131	38
Pittsburg	2,513	153	2,360	534	296	696	987	335
Pleasant Hill	714	73	641	129	79	175	331	95
Richmond	2,603	82	2,521	471	273	625	1,234	347
San Pablo	494	0	494	147	69	123	155	66
San Ramon	4,447	62	4,385	599	372	984	2,492	593
Walnut Creek	1,653	301	1,352	289	195	418	751	220
Contra Costa Unincorporated	5,436	277	5,159	1,101	642	1,401	2,292	725
Total Need	34,710	1,109	33,601	6,683	3,782	8,596	15,649	4,628

Source: Association of Bay Area Governments

Table 4: Santa Clara County Regional Housing Needs Allocation								
	Total Projected Need	Uninc/SOI Need	Jurisdiction Need	Very Low	Low	Moderate	Above Moderate	Average Yearly Need
Campbell	777	0	777	165	77	214	321	104
Cupertino	2,720	0	2,720	412	198	644	1,466	363
Gilroy	3,746	36	3,710	906	334	1,030	1,476	499
Los Altos	261	5	256	38	20	56	147	35
Los Altos Hills	83	0	83	10	5	15	53	11
Los Gatos	402	17	385	72	35	97	198	54
Milpitas	4,348	44	4,304	698	351	1,146	2,153	580
Monte Sereno	76	2	74	10	5	13	48	10
Morgan Hill	2,484	101	2,383	455	228	615	1,186	331
Mountain View	3,423	3	3,420	698	331	991	1,403	456
Palo Alto	1,397	119	1,278	265	116	343	673	186
San Jose	26,114	572	25,542	5,337	2,364	7,086	11,327	3,482
Santa Clara	6,339	0	6,339	1,294	590	1,786	2,669	845
Saratoga	539	1	538	75	36	108	320	72
Sunnyvale	3,836	27	3,809	736	361	1,075	1,664	511
Santa Clara Unincorporated	1,446	311	1,135	325	158	651	312	63
Total Need	57,991	1,238	56,753	11,424	5,173	15,659	25,735	7,732

Source: Association of Bay Area Governments

Table 5: San Joaquin County Regional Housing Needs Allocation								
	Total Projected Need	Uninc/SOI Need	Jurisdiction Need	Very Low	Low	Moderate	Above Moderate	Average Yearly Need
Escalon	491	N/A	491	109	78	84	219	65
Lathrop	1,029	N/A	1,029	188	158	189	494	137
Lodi	4,014	N/A	4,014	990	664	738	1,622	535
Manteca	3,823	N/A	3,823	785	651	745	1,643	510
Ripon	1,208	N/A	1,208	228	181	206	593	161
Stockton	18,081	N/A	18,081	4,934	2,972	3,277	6,897	2,411
Tracy	6,469	N/A	6,469	1,178	914	1,054	3,323	863
San Joaquin Unincorporated	4,455	N/A	4,455	1,085	714	829	1,828	594
Total Need	39,569	N/A	39,569	9,497	6,331	7,122	16,619	5,276

Source: San Joaquin Council of Governments

Table 6: Stanislaus County Draft Regional Housing Needs Allocation								
	Total Projected Need	Uninc/SOI Need	Jurisdiction Need	Very Low	Low	Moderate	Above Moderate	Average Yearly Need
Ceres	1,673	N/A	1,673	368	284	351	669	
Hughson	244	N/A	244	54	41	52	97	
Modesto	9,082	N/A	9,082	1,998	1,544	1,907	3,633	
Newman	535	N/A	535	118	91	112	214	
Oakdale	1,068	N/A	1,068	235	182	224	427	
Patterson	634	N/A	634	139	108	133	253	
Riverbank	1,402	N/A	1,402	308	238	294	561	
Turlock	3,452	N/A	3,452	759	587	725	1,381	
Waterford	410	N/A	410	90	70	86	164	
Stanislaus Unincorporated	2,354	N/A	2,354	518	400	494	942	
Total Need	20,854	N/A	20,854	4,588	3,545	4,379	8,341	2,780

Source: Stanislaus Council of Governments